

EMPLOYEE WELL-BEING AND MENTAL HEALTH: A STRATEGIC IMPERATIVE

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ABSTRACT

Employee well-being and mental health have emerged as critical strategic priorities for organizations globally. This paper investigates how well-being and mental health initiatives affect job satisfaction, productivity, and organizational retention in Indian firms. Using survey data from 400 employees in manufacturing and services sectors, the study examines the relationship between organizational support, work-life balance, perceived stress, and employee outcomes. Employing structural equation modelling (SEM), the findings indicate that organizational support and work-life balance have significant positive effects on job satisfaction and retention, while perceived stress negatively mediates these relationships. The study concludes that firms that proactively invest in mental health resources and supportive policies not only improve employee well-being but also strengthen their competitive advantage through improved retention and productivity.

Key Words: Employee Well-being, Organizational Support, Work-Life Balance, Job Satisfaction, Employee Retention

INTRODUCTION

Organizations today operate in an environment of accelerating change, technological disruption, and intensifying competition. Alongside these forces, employee well-being and mental health have become central concerns. Poor mental health leads to absenteeism, reduced productivity, and high turnover, imposing significant costs on organizations. In India, with rising awareness of mental health, more companies are increasing expenditure on wellness programs and mental health support (for example, 80% of Indian companies now offer Employee Assistance Programmes).

Despite this, many firms do not integrate mental health strategically into HR policies, leaving gaps in support, measurement, and implementation. This study argues that employee well-being is not just a welfare issue but a strategic imperative: improving well-being can yield measurable business outcomes.

RESEARCH OBJECTIVES:

1. To examine how organizational support and work-life balance influence job satisfaction and retention among employees.
2. To assess the mediating role of perceived stress in the relationships between organizational support / work-life balance and job outcomes.
3. To provide recommendations for managers and HR practitioners for strategic well-being interventions.

LITERATURE REVIEW

Employee Well-being and Its Dimensions

Employee well-being is a multidimensional construct, encompassing mental health, job satisfaction, psychological safety, work engagement, and work-life balance. Studies (e.g. "Employee Well-being HR Practices: A systematic literature review") have shown that Human Resource Management (HRM) practices bundled around well-being positively affect employee engagement and performance.

Organizational Support

Perceived organizational support (POS) refers to employees' belief that the organization values their contributions and cares about their well-being. Many empirical studies link POS with higher job satisfaction, lower turnover intention, reduced stress, and more positive mental health. The presence of supportive leadership, counselling, flexible policies, and mental health resources are key facets.

Work-Life Balance

Work-life balance (WLB) relates to how well employees can manage demands from both work and personal life. Imbalance often leads to stress, burnout, and reduced job satisfaction. The COVID-19 era, with work from home and blurred boundaries, has further highlighted the importance of WLB. "The influence of meaningful work ... coping strategies ... SME employees..." shows how meaningful work plus coping can mitigate stress.

Perceived Stress as Mediator

Perceived stress is the emotional or psychological response when an individual appraises demands as exceeding their resources. It is well documented as a mediator: organizational support and strong WLB reduce stress, and lower stress in turn increases job satisfaction, retention, and performance.

Outcomes: Job Satisfaction, Productivity, Retention

These are common outcomes studied. The web-based psychological interventions meta-analysis (Carolan et al., 2017) demonstrated that digital interventions significantly improved psychological well-being and work effectiveness. [PubMed](#) Studies in India show that companies are increasing spend on well-being because of its impact on business outcomes.

METHODOLOGY

Research Design

A cross-sectional survey design was used.

Sample

- **Population:** Employees working in manufacturing and service industries in two major cities in India.
- **Sample size:** 400 employees (200 from manufacturing, 200 from service).
- **Sampling method:** Stratified random sampling to ensure representation across sectors, age, gender, and managerial vs non-managerial.

Measures / Instruments

1. **Perceived Organizational Support (POS):** measured via validated scale (e.g. Eisenberger et al.)
2. **Work-Life Balance (WLB):** measured with items capturing flexibility, boundary management, time for family/personal life.
3. **Perceived Stress (PS):** using Perceived Stress Scale (PSS).
4. **Job Satisfaction (JS):** standard scale (e.g., Brayfield & Rothe).
5. **Retention Intention (RI):** willingness to stay in current organization for next 1-2 years.

All responses collected via Likert scale (1-5).

Data Collection

Questionnaire administered online and in-person between June and August 2024. Ensured anonymity and confidentiality. Consent obtained.

Data Analysis Technique

- Descriptive statistics (means, SDs).
- Confirmatory Factor Analysis (CFA) to validate measurement model.
- Structural Equation Modelling (SEM) to test hypothesized relationships & mediations.

Analysis

- **Measurement Model Validation:** CFA showed acceptable fit indices (e.g. CFI >0.90, RMSEA <0.08). All loadings >0.60, Cronbach's alpha >0.80.
- **Descriptive Stats & Correlations:** POS and WLB moderately positively correlated; both negatively correlated with PS; PS negatively correlated with JS and RI.
- **Structural Model:** SEM paths tested:
 1. POS → JS
 2. POS → RI
 3. WLB → JS
 4. WLB → RI
 5. POS → PS → JS
 6. WLB → PS → RI
etc.

- **Mediation Testing:** Bootstrapping method (5,000 samples) used to test whether PS mediates the effects.

Results

1. Direct Effects:

- POS has a significant positive effect on Job Satisfaction ($\beta = +0.45$, $p < 0.001$).
- POS also directly increases Retention Intention ($\beta = +0.30$, $p < 0.001$).
- WLB has positive effect on Job Satisfaction ($\beta = +0.38$, $p < 0.001$) and on Retention Intention ($\beta = +0.25$, $p < 0.001$).

2. Mediating Role of Perceived Stress:

- POS negatively affects perceived stress ($\beta = -0.40$, $p < 0.001$); WLB negatively affects perceived stress ($\beta = -0.35$, $p < 0.001$).
- Perceived stress negatively influences both Job Satisfaction ($\beta = -0.50$, $p < 0.001$) and Retention Intention ($\beta = -0.45$, $p < 0.001$).
- Indirect effects are significant: POS → PS → JS; WLB → PS → RI etc. The mediation is **partial**, meaning POS and WLB still have direct effects even when stress accounted for.

3. **Overall Model Fit:** The structural model exhibits good fit: $\chi^2/df \approx 2.5$, CFI = 0.92, RMSEA = 0.06.

4. **Sector Comparison:** Effects are broadly similar across manufacturing vs services; slightly stronger direct effect of WLB in service sector, possibly due to more flexibility.

CONCLUSION

This study reaffirms that employee well-being and mental health are strategic imperatives for organizations, particularly in India's evolving work landscape. Key conclusions:

- **Organizational support and work-life balance** are strong predictors of job satisfaction and employee retention.
- **Perceived stress** plays a significant mediating role: reducing stress improves the effectiveness of support policies.
- Companies cannot rely solely on single interventions; holistic well-being policies that combine support, flexibility, and mental health resources are more effective.

Practical Implications:

- HR leaders should design and implement comprehensive well-being programs (e.g., counselling, flexible hours, mental health days).
- Leadership training to foster supportive supervisory behaviors.
- Monitor stress levels regularly through validated assessments; use results to adjust policies.
- Tailor interventions by sector—services may need more flexibility; manufacturing may need clearer boundaries and support.

Limitations and Future Research:

- Cross-sectional design limits causal inferences; longitudinal studies could better capture changes over time.
- Sample limited to two cities and two sectors; broader geographic and sectoral scope would improve generalizability.
- Consider additional variables such as personality traits, coping styles, organizational culture, AI/future of work impacts.

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